

UNITED STATES DISTRICT COURT
DISTRICT OF NEVADA

RACING OPTICS, INC.,

Plaintiff,

vs.

AEVOE CORP.,

Defendant.

2:15-cv-01774-RCJ-VCF

ORDER

This case arises out of competing patents for lens-protection technology. Pending before the Court is a Motion for Judgment on the Pleadings (ECF No. 66). The Court denies the motion.

I. FACTS AND PROCEDURAL HISTORY

Since 1999, Plaintiff Racing Optics, Inc., through its founders Stephen, Bart, and Seth Wilson (collectively, “the Inventors”), has developed and delivered lens-protection systems, including “tear-off” protectors for high-speed racing consisting of stacks of optically engineered laminated lenses applied to race car windshields, motorcycle goggles, and racing helmet visors. (Compl. ¶ 2, ECF No. 1). Once damaged, the top layer of the lens can be torn off to reveal a new, undamaged layer, providing a clear view. (*Id.*). The technology is also used in the medical, military, consumer, and industrial fields. (*Id.* ¶ 3). Most importantly here, Racing Optics

1 developed a “bubble-free” screen protector that avoids difficult-to-remove air bubbles created
2 when applying conventional screen protectors by eliminating the full adhesive in the central area
3 of the screen and spacing the protector away from the screen with an “air bearing.” (*Id.* ¶ 5).

4 Racing Optics filed U.S. Patent Application No. 12/780,443 for the bubble-free screen
5 protector technology, titled “Touch Screen Shield,” on May 14, 2010. (*Id.* ¶ 6). In mid-2012,
6 after the ‘443 Application had been published but while it was still pending, Defendant Aevoe
7 Corp.’s President and Executive Director Jon Lin contacted Racing Optics and informed it that
8 Aevoe was the assignee of U.S. Patent No. 8,044,942 for a bubble-free screen protector invented
9 by Lin. (*Id.* ¶ 6–8). The ‘942 Patent claimed priority to a January 18, 2011 provisional
10 application. (*Id.* ¶ 8). By 2013, Aevoe had filed five patent infringement actions based on the
11 ‘942 Patent, including three in this District presided over by Chief Judge Navarro. (*Id.* ¶ 8 &
12 n.1). On March 15, 2013, Racing Optics filed a divisional application of the still-pending ‘443
13 Application, U.S. Patent Application No. 13/838,311, also titled “Touch Screen Shield.” (*See*
14 U.S. Patent No. 8,974,620, at [21, 22, 62], ECF No. 1-3). On January 16, 2015, Racing Optics
15 filed a continuation application of the still-pending ‘311 Application (itself a divisional
16 application of the still-pending ‘443 Application), U.S. Patent Application No. 14/599,176, also
17 titled “Touch Screen Shield.” (*See* U.S. Patent No. 9,104,256, at [21, 22, 60], ECF No. 1-2). The
18 ‘311 Application issued as the ‘620 Patent on March 10, 2015. The ‘176 Application issued as
19 the ‘256 Patent on August 11, 2015. The ‘443 Application issued as the ‘545 Patent on
20 September 8, 2015.

21 In summary, Racing Optics is the assignee of U.S. Patents No. 8,974,620; 9,104,256; and
22 9,128,545 (collectively, “the Patents”), which issued on March 10, 2015; August 11, 2015; and
23 September 8, 2015, respectively. (*Id.* ¶¶ 23–28). Racing Optics sued Aevoe in this Court for
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1 direct, contributory, and inducement infringement of claims 12, 14–16, and 18–20 of the ‘545
2 Patent; claims 1–4, 6–7, 9–17, and 19–23 of the ‘256 Patent; and claims 1–11 and 13–14 of the
3 ‘620 Patent via the production, use, offer for sale, and/or importation into the United States of
4 screen protectors for electronic devices, including the iVisor AG, iVisor XT, and iVisor Glass
5 (collectively, “the Accused Products”). (*Id.* ¶¶ 30, 42, 53). Aevoe answered and filed
6 counterclaims for non-infringement, invalidity, and unenforceability due to fraud upon or
7 inequitable conduct before the Patent Office. Racing Optics amended to add a claim of
8 infringement of U.S. Patent No. 9,274,625, which issued on March 1, 2016. Aevoe has moved
9 for judgment on the pleadings against the claim for infringement of the ‘620 Patent. The Court
10 now addresses that motion.

11 **II. LEGAL STANDARDS**

12 “After the pleadings are closed—but early enough not to delay trial—a party may move
13 for judgment on the pleadings.” Fed. R. Civ. P. 12(c). The standards governing a Rule 12(c)
14 motion are the same as those governing a Rule 12(b)(6) motion. *See Dworkin v. Hustler*
15 *Magazine, Inc.*, 867 F.2d 1188, 1192 (9th Cir. 1989) (“The principal difference . . . is the time of
16 filing. . . . [T]he motions are functionally identical . . .”).

17 Federal Rule of Civil Procedure 8(a)(2) requires only “a short and plain statement of the
18 claim showing that the pleader is entitled to relief” in order to “give the defendant fair notice of
19 what the . . . claim is and the grounds upon which it rests.” *Conley v. Gibson*, 355 U.S. 41, 47
20 (1957). Federal Rule of Civil Procedure 12(b)(6) mandates that a court dismiss a cause of action
21 that fails to state a claim upon which relief can be granted. A motion to dismiss under Rule
22 12(b)(6) tests the complaint’s sufficiency. *See N. Star Int’l v. Ariz. Corp. Comm’n*, 720
23 F.2d 578, 581 (9th Cir. 1983). When considering a motion to dismiss under Rule 12(b)(6) for
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1 failure to state a claim, dismissal is appropriate only when the complaint does not give the
2 defendant fair notice of a legally cognizable claim and the grounds on which it rests. *See Bell*
3 *Atl. Corp. v. Twombly*, 550 U.S. 544, 555 (2007). In considering whether the complaint is
4 sufficient to state a claim, the court will take all material allegations as true and construe them in
5 the light most favorable to the plaintiff. *See NL Indus., Inc. v. Kaplan*, 792 F.2d 896, 898 (9th
6 Cir. 1986). The court, however, is not required to accept as true allegations that are merely
7 conclusory, unwarranted deductions of fact, or unreasonable inferences. *See Sprewell v. Golden*
8 *State Warriors*, 266 F.3d 979, 988 (9th Cir. 2001). A formulaic recitation of a cause of action
9 with conclusory allegations is not sufficient; a plaintiff must plead facts pertaining to his own
10 case making a violation plausible, not just possible. *Ashcroft v. Iqbal*, 556 U.S. 662, 677–79
11 (2009) (citing *Twombly*, 550 U.S. at 556) (“A claim has facial plausibility when the plaintiff
12 pleads factual content that allows the court to draw the reasonable inference that the defendant is
13 liable for the misconduct alleged.”). In other words, under the modern interpretation of Rule
14 8(a), a plaintiff must not only specify or imply a cognizable legal theory (*Conley* review), but
15 also must plead the facts of his own case so that the court can determine whether the plaintiff has
16 any plausible basis for relief under the legal theory he has specified or implied, assuming the
17 facts are as he alleges (*Twombly-Iqbal* review).

18 “Generally, a district court may not consider any material beyond the pleadings in ruling
19 on a Rule 12(b)(6) motion. However, material which is properly submitted as part of the
20 complaint may be considered on a motion to dismiss.” *Hal Roach Studios, Inc. v. Richard Feiner*
21 *& Co.*, 896 F.2d 1542, 1555 n.19 (9th Cir. 1990) (citation omitted). Similarly, “documents
22 whose contents are alleged in a complaint and whose authenticity no party questions, but which
23 are not physically attached to the pleading, may be considered in ruling on a Rule 12(b)(6)
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1 motion to dismiss” without converting the motion to dismiss into a motion for summary
2 judgment. *Branch v. Tunnell*, 14 F.3d 449, 454 (9th Cir. 1994). Moreover, under Federal Rule
3 of Evidence 201, a court may take judicial notice of “matters of public record.” *Mack v. S. Bay*
4 *Beer Distribs., Inc.*, 798 F.2d 1279, 1282 (9th Cir. 1986). Otherwise, if the district court
5 considers materials outside of the pleadings, the motion to dismiss is converted into a motion for
6 summary judgment. *See Arpin v. Santa Clara Valley Transp. Agency*, 261 F.3d 912, 925 (9th Cir.
7 2001).

8 **III. ANALYSIS**

9 Aevoe argues that Racing Optics abandoned the ‘620 Patent by failing to comply with
10 statutory oath requirements. The parties appear to agree that the ‘620 Patent issued from the
11 ‘311 Application, which was filed on March 15, 2013. They also appear to agree that: (1) the
12 ‘311 Application included a pre-AIA-compliant inventor’s oath; (2) on May 3, 2013, the Patent
13 Office issued Racing Optics a notice indicating that an AIA-compliant inventor’s oath would be
14 required; (3) on April 2, 2015, after the ‘620 Patent had issued on March 10, 2015, Racing
15 Optics petitioned the Patent Office for late acceptance of an AIA-compliant inventor’s oath,
16 arguing that the failure to previously submit an AIA-compliant oath had been inadvertent,
17 unintentional, and with no deceptive intent; and (4) on October 13, 2015, the Patent Office
18 granted the petition in part, noting that it would enter the corrected oath into the file and that the
19 file “speaks for itself,” but declining to issue any statement as to the abandonment issue for lack
20 of jurisdiction because the ‘620 Patent had been granted. Aevoe argues that the ‘620 Patent (or
21 the ‘311 Application) was abandoned as a matter of law when Racing Optics failed to submit the
22 AIA-compliant inventor’s oath before paying the issue fee, notwithstanding the Patent Office’s
23 grant of the petition for late filing.

1 **A. Abandonment under the Rules of the Patent Office**

2 It is important to distinguish between abandonment under pre-AIA § 102(c) or other
3 statutes and abandonment of an application under the Patent Office’s internal rules of practice:

4 Once an application is deemed abandoned under the rules of practice of the Patent
5 Office, the inventor loses the benefit of the filing date of that application for the
6 purpose of applying the statutory bar provisions of Section 102(b), but the
7 inventor may file a new application with a new filing date and still obtain a patent
8 if no statutory bar has occurred and the circumstances as a whole do not indicate
9 abandonment of the right to a patent under § 102(c).

10 2 Donald S. Chisum, *Chisum on Patents* § 6.03[2], at 6-315 to 6-316 (2015) (footnotes omitted).

11 Here, it is clear that the Patent Office has made no determination of the abandonment issue under
12 its own rules of practice and refuses to make any such determination for lack of jurisdiction.

13 Anyway, the Patent Office’s compliance with its own internal procedures is not before the Court.

14 As Racing Optics correctly notes, “the examiner’s or the applicant’s absolute compliance with
15 the internal rules of patent examination becomes irrelevant after the patent has issued.”

16 *Magnivision, Inc. v. Bonneau Co.*, 115 F.3d 956, 960 (Fed. Cir. 1997). The Court need only
17 examine whether the invention or the ‘311 Application was abandoned as a matter of law under
18 pre-AIA § 102(c) or other applicable statutes.

19 **B. Statutory Abandonment**

20 **1. § 102(c)**

21 Aevoe notes that the AIA amendments to 35 U.S.C. § 102 went into effect on March 17,
22 2015 and argues that pre-AIA § 102(c) therefore governs the ‘620 Patent because the ‘311
23 Application that resulted in the ‘620 Patent was filed on March 15, 2013. That appears to be
24 correct:

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1 (n) EFFECTIVE DATE.—

2 (1) IN GENERAL.—Except as otherwise provided in this section, the
3 amendments made by this section shall take effect upon the expiration of the 18-
4 month period beginning on the date of the enactment of this Act, and shall apply
to any application for patent, and to any patent issuing thereon, that contains or
contained at any time—

5 (A) a claim to a claimed invention that has an effective filing date as defined in
6 section 100(i) of title 35, United States Code, that is on or after the effective date
described in this paragraph; or

7 (B) a specific reference under section 120, 121, or 365(c) of title 35, United States
8 Code, to any patent or application that contains or contained at any time such a
claim.

9 Leahy–Smith America Invents Act, Pub. L. No. 112-29, § 3(n), 125 Stat. 284, 293 (2011). The
10 AIA was signed into law by President Obama on September 16, 2011. Eighteen months later
11 was March 16, 2013. Racing Optics does not argue to the contrary.

12 The pre-AIA abandonment statute read, “A person shall be entitled to a patent
13 unless . . . he has abandoned the invention.” Pub. L. No. 82-593, §102(c), 66 Stat, 792, 797
14 (1952). The concept of abandonment had been developed in the law before its 1952 codification,
15 most famously in the case of *Mason v. Hepburn*, 13 App. D.C. 86 (D.C. Cir. 1898). In that
16 appeal of a Patent Office ruling in an interference proceeding between two competing patents,
17 the court ruled that Mason had abandoned his invention of a rifle magazine when he stored it for
18 seven years without using it and only applied for a patent when he learned that a competitor,
19 Hepburn, had independently invented a similar magazine and applied for his own patent. 3A
20 Donald S. Chisum, *Chisum on Patents* § 10.08[2], at 10-327 (2012). The *Mason* court ruled that
21 Mason had abandoned the invention in the sense of pre-AIA § 102(g), under which a later
22 invention is not anticipated by a prior invention if the prior inventor has abandoned, suppressed,
23 or concealed the prior invention. In other words, Hepburn’s right to a patent was not foreclosed
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1 by Mason’s earlier invention because Mason had abandoned, suppressed, or concealed his own
2 invention in the meantime. The *Mason* court first ruled, however, that Mason had not abandoned
3 his invention in the sense of pre-AIA § 102(c). *See Mason*, 13 App. D.C. at 96 (distinguishing
4 pre-AIA § 102(c)-type abandonment from pre-AIA § 102(g)-type abandonment) (“Strictly
5 speaking, abandonment after the completion of the inventive act applies in a case where the right
6 of the public to the use is involved [pre-AIA § 102(c)-type abandonment], and not in one where
7 the contention is between rival claimants merely of the monopoly [pre-AIA § 102(g)-type
8 abandonment].”); *id.* at 91 (citing *Bates v. Coe*, 98 U.S. 31, 46 (1878)) (“The public did not and
9 was not intended to receive any benefit from it during the seven years that intervened between
10 the construction and the application for the patent. Not having been given or abandoned to
11 public use, there was nothing in the mere lapse of time to prevent Mason receiving a patent.”).
12 In other words, a person only abandons an invention in the sense of pre-AIA § 102(c) by
13 abandoning it to public use.

14 Here, there is no allegation or evidence that Racing Optics ever did or failed to do
15 anything indicating an intention to abandon the invention(s) in the ‘620 Patent in the sense of
16 pre-AIA § 102(c). Aevoe argues Racing Optics abandoned the ‘311 Application under pre-AIA
17 § 102(c) on February 6, 2015 when it paid the issue fee before submitting an AIA-compliant
18 inventor’s oath, because the inventor’s oath was due on or before that date. *See* 35 U.S.C.
19 § 115(f) (2013). According to Aevoe, paying the issue fee without having filed the oath that was
20 statutorily due on or before payment indicates Racing Optics’s intention to abandon the
21 invention. But mere failure to supply a required oath cannot be said to indicate an intention to
22 abandon an invention to public use under pre-AIA § 102(c) without more. Here, Racing Optics
23 paid the issue fee contemporaneously with this alleged act of abandonment, and paying an issue
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1 fee (like the other myriad acts Racing Optics took in furtherance of obtaining the ‘620 Patent
2 both before and after paying the issue fee) indicates an intention to obtain a patent and thereby
3 exclude the public from using the invention, not an intention to abandon the invention to public
4 use. *See Mason*, 13 App. D.C. at 91. Mere negligence only results in abandonment where the
5 negligence is in failing to apply for a patent at all until one notices similar products in the
6 market. *See Consol. Fruit-Jar Co. v. Wright*, 94 U.S. 92, 95–96 (1876) (affirming the district
7 court’s invalidation of John L. Mason’s 1870 patent for Mason jars, because he had abandoned
8 the invention to the public by selling some jars in 1859 and failing to apply for a patent until
9 1868, long after similar jars had appeared in the market). The present case is entirely dissimilar.
10 The only alleged neglect here was a failure to comply with a technical statutory requirement of
11 the application—a failure the statute itself excused in any case, *see infra*—not a failure to pursue
12 an application until after the invention was abandoned to public use. There is no evidence at all
13 of abandonment to public use here, which Defendant must prove by clear and convincing
14 evidence in order to overcome the statutory presumption of validity. *See Commil USA, LLC v.*
15 *Cisco Sys., Inc.*, 135 S. Ct. 1920, 1929 (2015) (citing 35 U.S.C. § 282(a); *Microsoft Corp. v. i4i*
16 *Ltd. P’ship*, 131 S. Ct. 2238, 2245–47 (2011)). Racing Optics did not abandon the invention
17 under pre-AIA § 102(c).

18 **2. § 115(f)**

19 Still, § 115(f) required the oath to be filed no later than the date the issue fee was paid.
20 The question is whether Congress intended such a failure to invalidate any patent that
21 nevertheless issues. Congress has answered the question by providing a “savings clause”
22 directly under § 115 that delineates when such a failure will not result in invalidity or
23 unenforceability:
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1 (h) Supplemental and corrected statements; filing additional statements.--

2 (1) In general.--Any person making a statement required under this section
3 may withdraw, *replace, or otherwise correct the statement at any time.* If
4 a change is made in the naming of the inventor requiring the filing of 1 or
5 more additional statements under this section, the Director shall establish
6 regulations under which such additional statements may be filed.

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8 (3) Savings clause.--A patent shall not be invalid or unenforceable based
9 upon the failure to comply with a requirement under this section if the
10 failure is remedied as provided under paragraph (1).

11 *Id.* § 115(h), (h)(1), (h)(3) (emphases added). This version of § 115 was effective as of
12 September 16, 2012, and it therefore applies to the ‘311 Application filed on March 15, 2013.
13 *See Leahy–Smith America Invents Act*, Pub. L. No. 112-29, § 4(e), 125 Stat. 284, 297 (2011).
14 The savings clause permits an applicant to “replace” or “otherwise correct” a statement governed
15 by the section “at any time.” The Court finds that correction of a previously submitted oath to
16 comply with AIA standards fits comfortably within the savings clause. An AIA-compliant oath
17 is a “correct[ion]” of a pre-AIA-compliant oath. “[A]ny” time means the time for filing a
18 correction is without limitation, so the savings clause permits corrected oaths to be filed either
19 before or after the issue fee is paid.

20 **3. § 111(a)(4)**

21 Aevoe argues that the failure was not properly remedied, however, because the savings
22 clause of § 115(h) applies only to “this section,” i.e., § 115, and it cannot have cured a separate
23 infirmity under § 111. Specifically, “Upon failure to submit the fee and oath or declaration
24 within such prescribed period, the application shall be regarded as abandoned, unless it is shown
to the satisfaction of the Director that the delay in submitting the fee and oath or declaration was
unavoidable or unintentional.” *Id.* § 111(a)(4) (1994).

1 But the Court finds that § 111 incorporates § 115's savings clause. The "oath" referred to
2 in § 111(a)(4) is the "oath or declaration *as prescribed by section 115.*" *Id.* § 111(a)(2)(C)
3 (emphasis added). The provision for replacement and corrected oaths "at any time" under
4 § 115(h) is part of the "oath . . . prescribed" and "prescribed period" referred to in § 111(a)(2)(C)
5 and (a)(4). To construe § 111 not to incorporate § 115's savings clause would be to read § 115's
6 savings clause out of the statute and thereby ignore part of Congress's definition of the
7 prescribed period for submitting oaths, which includes replacements and corrections made "at
8 any time."

9 **C. The Administrative Procedures Act ("APA")**

10 Aevoe's argument that the issuance of the '620 Patent violated the APA because it was
11 arbitrary, capricious, an abuse of discretion, or otherwise contrary to law is frivolous. The Court
12 of Appeals has squarely ruled that Patent Office actions are not subject to challenge under the
13 APA due to the comprehensive legislative scheme providing for various forms of review under
14 Title 35. *See Pregis Corp. v. Kappos*, 700 F.3d 1348, 1357–61 (Fed. Cir. 2012).

15 **CONCLUSION**

16 IT IS HEREBY ORDERED that the Motion for Judgment on the Pleadings (ECF No. 66)
17 is DENIED.

18 IT IS SO ORDERED.

19 Dated this 2nd day of August, 2016.

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21 
22 ROBERT C. JONES
23 United States District Judge
24